

NAVFACINST 5000.14A
FAC 09X
27 February 1992

NAVFAC INSTRUCTION 5000.14A

From: Commander, Naval Facilities Engineering Command

Subj: COMMAND EVALUATION (CE), MANAGEMENT CONTROL (MC), AUDIT
MANAGEMENT AND LIAISON PROGRAMS

Ref: (a) OPNAVINST 5000.52A, Command Evaluation Program, 5 Dec 91
(b) Department of the Navy (DON) Command Evaluation Manual
(c) OPNAVINST 5200.25C, CNO Management Control Program, 5 Dec 91
(d) SECNAVINST 5200.35C, Department of the Navy (DON)
Management Control Program, 7 Jan 91
(e) NAVFACINST 5200.36, Management Control (MC) Program, 17 Oct 88
(f) SECNAVINST 5200.34C, Management of Audit Decision and
Follow-up Functions, 10 Oct 89
(g) Relationships of Navy Public Works Centers (PWC), 1 Apr 87

Encl: (1) NAVFACENGCOM Requirements, Standards and Additional Policy
(2) Format for Annual CE Plan
(3) Guidance and Procedures for Audit/CE Follow-up System

1. PURPOSE

a. To implement the Naval Facilities Engineering Command (NAVFACENGCOM) Command Evaluation (CE) Program and related programs required by references (a) through (g).

b. To emphasize the commanding officer's responsibilities and accountability for an in-house ability to independently [and objectively] assess the overall efficiency and integrity of ALL command functions.

c. To provide policy, guidance and standards for the operation of the CE and related programs.

This is a complete revision and should be read in its entirety.

2. CANCELLATION. NAVFACINST 5000.14.

3. BACKGROUND. Reference (a) revised the policy and guidelines for the CE Program. The CE program incorporates many of the principles of the Internal Review Program providing the commanding officer with the capability to review and evaluate operations

and functions. Reference (b) provides guidance and standards for assuring quality in the implementation of CE.

4. SCOPE. This instruction applies to NAVFACENGCOMHQ and subordinate commands. Development of a local instruction for the CE Program is not necessary. Inclusion of Public Works Centers authority provided to COMNAVFACENGCOM in reference (g).

5. DEFINITIONS

a. Command Evaluation. CE is the conduct of reviews, studies, analyses, or evaluation of command or activity operations. It is an in-house method (directed by the commanding officer) used to detect deficiencies, improprieties, or inefficiencies, and is intended to provide recommendations to correct conditions that adversely impact mission accomplishment, command integrity, or economical use of command resources.

b. Audit. A formal, official examination or verification performed following generally accepted government auditing standards as implemented by the Naval Audit Service. Audits can classification (i.e., Naval Audit Service).

6. POLICY

a. The CE Program shall be a NAVFACENGCOM-wide program. As directed by reference (a), CE capability shall be maintained for the sole use of the CO, and the function shall have independence to ensure impartiality. Each commander/commanding officer shall establish a CE Program. Broad oversight for effectiveness of the CE, MC, and related programs will be provided by the Director, Office of Command Evaluation, NAVFACENGCOMHQ.

b. CE is a proactive management program for planned evaluation complementing the MC program and Total Quality Leadership (TQL) principles. The CE staff may be utilized as team member(s) for inspections and procurement management reviews).

c. CE personnel are expected to comply with professional standards when conducting reviews, evaluations, or studies to ensure a quality product.

d. NAVFACENGCOMHQ staff, subordinate commands, and activities will implement the requirements, standards, and additional policy provided in enclosures (1), (2), and (3).

7. ORGANIZATION. The CE and related functions addressed in this instruction will be independent of operational responsibilities and able to cross organizational lines within the activity. The CE function will be placed in a direct staff relationship to the commanding officer. If this is not practical, the function should be assigned to the vice commander or executive officer to ensure independence and impartiality for the CE functions.

8. ACTION. All commanders/commanding officers are responsible for implementing the CE functions within their commands and are accountable for the assurance of an effective program.

9. FORMS AND REPORTS

- a. Accessibility to reports is discussed in enclosure (1).
- b. NAVFACENGCOMHQ guidelines and format for the annual CE plan are provided in enclosure (2).
- c. NAVFACENGCOMHQ guidelines and procedures for the follow-up system are provided in enclosure (3).

"Signed"
G. B. ESTES
Vice Commander

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NAVFACENGCOM REQUIREMENTS, STANDARDS AND ADDITIONAL POLICY

1. STAFFING

a. The recommended position classification for the CE function is staff accountant (GM/GS 510). However, other positions may be utilized to supplement and support staff positions or specific review assignments. Additionally, recommend as a minimum that the head of the CE function should be a Staff Accountant, GM/GS 510.

b. Commanders should ensure that CE personnel are provided adequate training to maintain and enhance their professional skills and capabilities. Such training should include courses, seminars and workshops that provide techniques for conducting reviews, studies, and evaluations as well as technical training related to the command's overall mission (e.g., contracting, family housing, real estate, environmental, etc.). Training for the professional series (GM/GS 510 series) should also include the continuing education requirements established by the American Institute of Certified Public Accountants (AICPA). Assistance in meeting requirements and resource needs for continuing professional training of CE staffs may be coordinated with headquarters.

c. Performance appraisals or fitness reports for the head of the CE Program will be signed by the commanding officer or executive officer to assure integrity and impartiality.

2. DEVELOP AN ANNUAL (FISCAL YEAR) COMMAND EVALUATION PLAN.

The annual plan will be approved and signed by the commander/commanding officer or vice commander/executive officer. Annual plans should include reviews that focus on high payback areas as well as areas for economy, efficiency, compliance, and integrity of command functions. A copy of the plan will be provided to NAVFACENGCOMHQ (Code 09x) by 1 September would result in identifying systemic weaknesses. Guidelines and a sample format for developing the annual plan are provided in enclosure (2).

3. CONDUCT REVIEWS, STUDIES, ANALYSES, OR EVALUATIONS OF LOCAL FINANCIAL AND MANAGEMENT RESOURCES.

Reviews will be conducted to evaluate the overall economy, efficiency, and integrity of ALL command functions.

a. The scope of the reviews should include a determination of effectiveness of operations, compliance with established policies and procedures, reliability of records and reports, and the validity of supporting documentation.

b. Reviews will take into consideration the implementation of internal controls (i.e., MC Program) and be alert to integrity and efficiency weaknesses that could cause potential fraud, waste and abuse. Reports will provide an assessment of the adequacy of internal controls.

c. Reports will identify all monetary benefits resulting from the review. Potential monetary benefits are considered funds that can be put to better use; collections and budgetary reductions; or cost avoidance.

d. Reports will provide recommendations based on the results of the review to correct adverse conditions cited in the report. The report also should provide recommendations and suggestions that incorporated the philosophy and concept of TQL.

e. Written reports will be prepared and provided via the commander/commanding officer or vice commander/executive officer to the appropriate department head or activity for all reviews, studies, analyses, and evaluations. The reports will be signed by the CE officer. The report should address the performance observed during the review. Reports identifying deficiencies should address the finding (cause and effect), a discussion supplying pertinent facts and supporting information, and a recommendation(s) that is workable and efficient to correct the deficiency. Recommendations should cross organizational lines as appropriate to ensure ALL deficiencies are corrected.

f. A synopsis of findings and recommendations should be provided NAVFACENGCMDHQ (Code 09X) for review and dissemination as "Lessons Learned" to field activities and functional managers. However, the "Lessons Learned" published will not identify the activity where the deficiency occurred.

4. EXERCISE NON-AUDIT EVALUATION AND FISCAL OVERSIGHT OF NONAPPROPRIATED FUND-RELATED MATTERS. Commanding officers have a continuing responsibility for fiscal oversight and review of NAF instrumentalities (NAFIS) supporting their Morale, Welfare and Recreation funds. The CE staff may be used to evaluate these areas of responsibility. A recommended procedure to provide oversight is to establish a CE Review Board under the direction of the CE office to conduct reviews of MWRs and Civilian Recreation Funds.

5. PARTICIPATE IN PROCUREMENT/ACQUISITION MANAGEMENT REVIEWS (PMR/AMR). A member of the CE staff may participate in the PMR/AMRs conducted by headquarters or activities to review and evaluate financial transactions and provide the commanding officer independent and objective assurance that the procurement and acquisition program is operating efficiently, economically, and in compliance with applicable laws and regulations.

6. DEVELOP AND MONITOR THE MANAGEMENT CONTROL PROGRAM (MCP). The CE staff will develop and monitor the effectiveness of the MC Program at both the headquarters and activity levels in accordance with guidance provided in references (c), (d) and (e). The CE staff will not conduct Vulnerability (Risk) Assessments (VAs) and Management Control Reviews (MCRs) except in their own areas of responsibility.

7. PROVIDE FRAUD AWARENESS, STANDARDS OF CONDUCT AND CODE OF ETHICS TRAINING. The CE staff may provide fraud awareness, standards of conduct and code of ethics training for all command employees in cooperation and coordination with the counsel's office.

8. PROVIDE LIAISON FOR EXTERNAL AUDIT AND INVESTIGATIVE AGENCIES.

The CE staff at headquarters and the activity level will be assigned responsibility as the focal point for audit and investigative liaison (e.g., GAO, NAVAUDSVC, DoDIG, NIS, FBI, DCIS) and coordination for command response.

9. ESTABLISH AUDIT AND CE FOLLOW-UP PROCEDURES. The Office of Command Evaluation is the central focal point for all audit and CE follow-up procedures. Responsibilities include the following:

A tracking system to identify and monitor the status of actions on external audits, investigations, remedies plans, inspections, CE/MCP recommendations/corrective actions through completion.

On-site follow-up reviews to determine implementation of recommendations.

Written follow-up reports provided via the commander/commanding officer or vice commander/executive officer to the appropriate department head or activity. The follow-up system and procedures will ensure appropriate working papers to support the results of the review as well as document information and data to support reporting requirements imposed by higher authority. Follow-up reports and status reports must address all monetary benefits identified in the audit/review reports. Reference (f) and enclosure (3) provide basic guidance and procedures. NAVFACENGCOMHQ will provide additional guidance as needed to meet specific requirements.

The CE staff at the activity level will assist in the development of remedies plans and monitor the plan of actions and milestones (POA&M) through completion.

10. OPERATIONAL TASKS. The CE staff will not perform operational tasks (e.g., cash counts, inventory counts, etc.) unless it is part of the overall scope of the review. Nor will the CE staff conduct reviews of private associations/clubs (e.g., wives clubs, professional organizations, etc.) as part of their on-duty responsibilities. A recommended procedure to provide the commanding officer necessary oversight for mission related cash counts, inventories, etc., is to establish a CE Review Board under the direction of the CE office to conduct such reviews. Implementation of such a system/board will allow the CE staff to provide the commanding officer the capability to review and evaluate more complex functions.

11. PROVIDE TROUBLESHOOTING CAPABILITIES. The CE staff will provide troubleshooting assistance. Troubleshooting can be defined as quick reaction reviews,

based on a management (commanding officer or manager) request, which are normally unprogrammed and geared to prevent serious problems from developing.

12. PROVIDE TRAINING. The head of CE is responsible for identifying annual training requirements and assuring the commanding officer that assigned CE personnel are provided adequate and required professional training.

13. ACCESSABILITY TO DOCUMENTS. Reports are considered internal management documents. Guidance for release of documents is provided in the following instructions: SECNAVINST 5740.26; SECNAVINST 5740.25B; SECNAVINST 7510.7E; SECNAVINST 5430.57E; and SECNAVINST 5720.42D. External release of reports and documents should be coordinated with NAVFACENGCOMHQ (09X) prior to release.

Enclosure (1)

_____, NAVAL FACILITIES ENGINEERING COMMAND

COMMAND EVALUATION PLAN

FISCAL YEAR _____

Prepared By:

Approved By:

A. A. AAA
Director

X. X. XXXXX,
(Title - CO, XO, VICE CDR)

Enclosure (2)

OFFICE OF COMMAND EVALUATION

STAFFING AS OF 1 OCTOBER 19XX

		Required	Authorized	ACTUAL
Director, Staff Accountant	GM/GS 510-__	<u> 1 </u>	<u> 1 </u>	<u> </u>
Staff Accountant	GM 510-__	<u> </u>	<u> </u>	<u> </u>
Secretary/Clerk	GS 318-__	<u> </u>	<u> </u>	<u> </u>
Career Intern	GS 510-__	<u> </u>	<u> </u>	<u> </u>

NOTES:

COMMAND EVALUATION PLAN
FISCAL YEAR _____

TITLE AND SCOPE OF REVIEW

STAFF DAY REQUIREMENTS
1ST 2ND 3RD 4TH Total
Qtr Qtr Qtr Qtr

COMMENTS

I. REVIEWS:

List in order of priority

Brief description of objectives and scope and if requested by a specific functional code.

Examples of topics:

Environmental Issues (C.L.E.A.N. Contracts)
Blanket Purchase Agreements (BPAs)
Minor Property (Computers, Office Equipment)
Travel Advances - Liquidation
Use of Rental Cars
CERPS
IDA
Family Housing Funds; Furniture
and Equipment Inventory
FSC Contract Administration
SIOH Collections
Real Estate Leasing
Construction Contract Administration
Utilities Procurement
Civilian Personnel Administration
Telephone Services
ISSA/MOU Agreements

II. VULNERABILITY ASSESSMENTS (VA) AND
MANAGEMENT CONTROL REVIEWS (MCR).

Provide assistance to managers conducting VAs and MCRs as required by governing regulations.

SECNAVINST 5200.35C;
OPNAVINST 5200.25C;
NAVFACINST 5200.36

Responsible for
monitoring program

COMMAND EVALUATION PLAN
FISCAL YEAR _____

<u>TITLE AND SCOPE OF REVIEW</u>	<u>STAFF DAY REQUIREMENTS</u>					<u>COMMENTS</u>
	1 ST	2 ND	3 RD	4 TH	Total	
	<u>Qtr</u>	<u>Qtr</u>	<u>Qtr</u>	<u>Qtr</u>		
III. <u>LIAISON FUNCTIONS.</u>						
Provide liaison and oversight for audits/investigations conducted by external agencies.						Responsible for liaison with audit and investigative agencies (NAVAUD; DODIG; GAO, etc).
Coordinate Command response for audit findings and recommendations, and track implementation of recommendations.						
IV. <u>FOLLOW-UP REVIEWS.</u>						
External & Internal (Command Evaluation) (List in order of priority)						
V. <u>NONAPPROPRIATED FUND REVIEWS</u>						
Morale Welfare Recreation						
VI. <u>NON-REVIEW TIME:</u>						
A. Training						
B. Administrative/Supervisory						
C. Leave/Holidays						
VII. <u>UNPROGRAMMED SPECIAL REVIEWS:</u>						
(e.g., CO's request, hotlines, etc. Reviews not originally identified in FY plan)						
TOTAL STAFF DAYS AVAILABLE (260 days x no. on staff)						

COMMAND EVALUATION PLAN
FISCAL YEAR _____

TITLE AND SCOPE OF REVIEW

STAFF DAY REQUIREMENTS

COMMENTS

VIII. REVIEWS, STUDIES, EVALUATIONS IN
EXCESS OF AVAILABLE MANPOWER:

(List areas that should be reviewed.
This list provides the CO with
alternatives for consideration).

Identify potential weaknesses,
objectives, scope, monetary
benefits, etc.

Examples:
Payroll - Overtime/Comp-time
Use of Sick, Compensatory Leave
Minor Property Purchases/Inventory
Mail Handling Procedures
Training Costs (On-duty & Tuition Assistance)
Validation of Outstanding Obligations
Permanent Change of Station (PCS) Costs
& Administration

Rank in priority to be done if staff days become available.

GUIDELINES FOR DEVELOPING THE ANNUAL COMMAND EVALUATION PLAN

Input for the annual (fiscal year) CE plan should be considered from the following sources:

- A file of auditable topics developed during the year. (e.g., weaknesses identified in the annual MC certification statement: vulnerability assessments and management control reviews; completed reports and reviews such as PMRs/AMRs; System Manager/User Review of Complaint Financial Systems and IG reports that indicated areas where additional review is appropriate.)
- The published annual audit schedule of NAVAUD, DoDIG, and GAO to preclude duplication.
- Audit trends published by DoDIG, GAO and NAVINSGEN.
- Fraud indicators from your local NIS office, IG office.
- Solicitation of known or potential problems from the functional managers. Send a memorandum (signed by the CO, XO) to department heads requesting areas and topics where they could use some review/oversight assistance.
- SECNAV and CNO Special Interest Items.
- NAVFACENGCOMHQ special interest items and command-wide schedules reviews.
- Deferred reviews from the prior year when a valid requirement still exists.
- Follow-up reviews to determine the status of corrective actions implemented, based on recommendations contained in local audit/review and external audit agency reports.
- Networking with other CE personnel and auditors often provides ideas and topics for review consideration.

The plan should be balanced to address the functions of review, troubleshooting, audit follow-up, and audit liaison. The plan should ensure the following:

- staff resources are used effectively and efficiently;
- coverage of high risk areas;
- high payback topics and areas are maximized;
- areas of concern to the commander are addressed;
- flexibility in order to meet changing priorities and needs;
- the reviews listed are ranked in order of priority.

Enclosure (2)

GUIDANCE AND PROCEDURES FOR AUDIT/CE FOLLOW-UP SYSTEM

1. References (b), (d) and (e) address the Navy's policy with respect to management (tracking, monitoring, and conducting follow up reviews) of recommendations identified in audit, CE, MCR and Inspector General (IG) reports. The cognizant commanding officer is responsible for ensuring that deficiencies noted in audit and review reports and Inspector General (IG) reports are promptly corrected and recommendations are implemented.

2. FOLLOW-UP STATUS REPORTING. Follow-up status on open recommendations contained in the final audit reports received from external agencies (NAVAUD, DoDIG, and GAO) will be reported directly to NAVFACENGCOMHQ (Attn: Code 09X) within 15 days after the following actions:

- a. Receipt of the final report for target implementation dates that have passed.
- b. Revisions of target dates when original target date cannot be met.
- c. Modification of previously agreed to actions.
- d. Target date for implementation of a recommendation.

3. FOLLOW-UP REVIEWS. The commanding officer has the responsibility to ensure that recommendations are implemented through follow-up reviews performed as a function of the CE Program.

a. All recommendations that address monetary benefits must be included in the follow-up review.

b. Written reports should be provided to the commanding officer and appropriate managers. Written reports should identify the finding (synopsis), recommendation and results of the follow-up review. Additionally, the report should address the number of findings and recommendations contained in the original report. The CE staff member conducting the follow-up review should be alert to new problem areas that may have arisen since the audit/review was originally performed and address such problems with appropriate recommendations or schedule a separate review.

c. Appropriate working papers are necessary to document work performed to support conclusions.

Enclosure (3)